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**DeNUCCI SAYS STATE FALLS \$3.425 BILLION UNDER TAX CAP**

State Auditor Joe DeNucci reported today that the Commonwealth's net tax revenues for fiscal year 2005 fell \$3.425 billion below the amount the state is allowed to collect under the Tax Cap Law.

During fiscal year 2005, which ended last June 30, the Commonwealth collected tax revenues totaling \$17,190,449,564. Since allowable state tax revenues totaled \$20,616,061,092, the amount collected fell short by \$3,425,611,528. Therefore, DeNucci determined that no excess state tax revenues exist and that the Commissioner of Revenue is not required to issue a tax credit for fiscal year 2005.

DeNucci's report noted that state tax collections increased by \$1.137 billion during fiscal year 2005.

The Tax Cap Law, enacted in 1986, prohibits the Commonwealth from retaining tax revenue collections that exceed the average three-year growth of Massachusetts wages and salaries. The State Auditor is required to independently review the Commissioner of Revenue's annual report and determine whether net state tax revenues for the preceding fiscal year have exceeded allowable growth.

Of the 19 years that the Tax Cap Law has been in effect, this is the 18<sup>th</sup> consecutive year that tax collections have fallen short of the allowable amount.

The law requires DeNucci to issue his tax cap report by the third Tuesday of September.